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Poor Understanding of Marketing Principles Has Led to Poor Marketing Management Performance: consideration of four marketing myths

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ABSTRACT

Marketing is accused of poor management practice. This paper argues that this is grounded in a confusion of marketing thinking and marketing action which results from widely held beliefs and myths that surround the marketing management process, making it difficult for marketing to develop as a coherent management discipline and profession. Barriers to its successful implementation are created at both strategic and tactical levels.

The paper presents an exploration of four myths which are often perceived as lying at the core of marketing but which, in reality, have led to much of the confusion that surrounds it. Consequently, the aim of this paper is to generate debate concerning these myths. The myths considered are those concerning customer sovereignty, the 4Ps of the marketing mix, the importance of customer orientation, and marketing managers' ability and opportunity to actually manage the marketing function.

INTRODUCTION

It has been argued that marketing is misunderstood and mismanaged (eg Coopers and Lybrand 1994, Pickton and Wright 1995) and that a generally sceptical view of marketing is held by the public at large. A survey of marketing managers undertaken in 1986 (Taylor and Partners) suggested that marketing managers themselves held their peers in scant regard and there is little evidence now, a decade later, to indicate that the situation has changed.

Barriers exist which seem to prevent marketing from reaching its full management potential (King 1985, Wong et al 1989, Brady and Davis 1993). Coopers and Lybrand (1994) have criticised the poor *implementation* of marketing by businesses but the ‘marketing offence’ is much more serious. The widely held beliefs and myths that surround marketing make it difficult for it to develop as a coherent management discipline. Managers may believe they know what marketing is yet may not appreciate their own levels of ignorance.

Some myths have been perpetuated through the decades, others are more recent. The worst are those which have been venerated. This paper addresses four of these ‘myths’ as precursors to the antagonism expressed towards marketing as a management activity.

There have been numerous studies since the mid-1960s that have investigated the 'state of marketing' in both the UK and elsewhere. Having reviewed these studies, Denison and McDonald (1995) concluded that the main inhibitor of marketing effectiveness in UK businesses

> *"lay not in poor managerial acceptance of marketing thinking, but in poor implementation of basic marketing"* (p57).

However, it is contended here that the issues of ‘marketing thinking’ and ‘marketing implementation’ are both highly relevant. Not only are there criticisms concerning the quality of marketing *implementation*, as Denison and McDonald maintain and which this paper strongly supports, but that the quality of marketing *thinking* should also be held up to scrutiny.

To suggest that there is an acceptance of *'marketing thinking'* is to suggest that there is an agreement on what that thinking should encompass and on this matter there is no consensus. Firstly, marketing thinking is itself in a state of flux with significant changes occurring over the years (Sheth et al 1988) and second, due to the many misconceptions about marketing, there has never been a general agreement on the subject. This may be evidenced by reference to the perennial academic articles revisiting the marketing concept, marketing orientation, the marketing mix and marketing: *art or science?*. At the time of writing, the most recent of these appeared in May 1996 (Brown) and considered fifty years of debate on the subject.

So what is marketing? The Chartered Institute of Marketing (CIM), UK's professional marketing body, say it is a management process. Moreover it is responsible for identifying, anticipating and satisfying customer requirements profitably. But, surely, this is the purpose of the whole business and not the functional preserve of marketing. Is marketing about achieving sales? Yes, it is but, again, so is the rest of the organisation and its management. Is it another term for selling, advertising or research? These descriptions are so limiting that no self-respecting marketing manager should agree with any of them. There are many definitions of marketing, each purporting to capture its essence but no single definition has yet achieved a universal acceptance.

In the past, marketing has been heralded as the great hope of business but this has been dashed on the rock of disillusionment as the hope failed to be fully realised. New 'gods' have taken centre stage to deliver what marketing apparently could not. The irony is that much of what is now embraced by the management community is little more than particular aspects of marketing applied to new and changing situations. For example, issues of 'Quality' and 'Customer Care, Satisfaction and Delight' have been basic to marketing from the outset and if marketing is to be accused of anything it is its failure to turn these into a reality.

The fact that marketing is failing to fulfil its potential in the eyes of the business community is clear given the damning criticism the discipline has received in the past (NEDO 1981, King 1985, Brady and Davis 1993, Coopers and Lybrand 1994, Pickton and Wright 1995) and continues to receive today despite the gallant attempts made by the CIM to suggest otherwise (Cranfield School of Management 1994, University of Bradford Management Centre 1994). The extent of that failure is, however, more contestable. Whether the fault lies with marketing practitioners, marketing academics or the professional bodies is a point for debate.

Wherever the fault, it remains the case that marketing is misunderstood as a discipline and is mismanaged as a managerial function. What is surprising is not the revelation about how badly marketing is managed but the mythology held by some that it is managed well. By considering myths pertaining both to the discipline and to the practice of marketing it is possible to explore some of the reasons why marketing management is doomed to mediocrity - at least for as long as the myths are held sacred.

The first set of myths addressed are those which pertain to marketing thinking or what some would prefer to call the marketing discipline or still others, marketing scholarship. In this set, are the myths of "The Customer Is King", "The 4Ps of the Marketing Mix" and "Businesses Should Be Customer Orientated".

"THE CUSTOMER IS KING"

One of marketing's oldest, most cherished myths which has gained in popularity over recent years has been adopted by marketing and non-marketing managers alike. It claims to capture the very essence of marketing which is of great concern because it has the potential to mislead many an unwary manager.

To proclaim "Customer is King" is to emphasise the importance of customer satisfaction (or more recently, 'customer delight'). To the extent that emphasis is placed on the need to satisfy customers, the 'Customer is King' mentality is entirely reasonable and necessary. It is an understandable logic even if, as Whittington and Whipp (1992) suggest, the process of getting close to customers is observed more in rhetoric than it is in practice. Customers exchange money for the goods and services provided by businesses. Customers provide the principal revenue to the business and (given appropriate management) it is from customers that profits are generated. Unless customers can be satisfied, there <u>will</u> be no customers. Without customers there are no sales, no revenue, no profits, no business. The logic is inescapable. The drive for satisfied customers is a drive towards survival and success.

However, "Customer is King" carries with it the implication that the customer is the most important element in a business, that customers have sovereign rights. To this extent the myth deceives and misleads. Achieving satisfied customers may be a *necessary* part of the management process, but it is not the only part, and in itself is insufficient. For businesses to operate successfully there is a need for ALL relevant stakeholders to be satisfied from employees to investors.

> *"One month before they folded, Xerox Data Systems (XDS) was beating even IBM on customer satisfaction. Unfortunately, they ignored one of the pieces of the balance and forgot to serve their stockholders. And I'm not sure that was in the best interests of the employees when they got fired, or of the customers when XDS went out of business"* (Uttal 1979, p101)

Marketing management is about a matching process. It seeks the achievement of customer satisfaction AND organisational satisfaction - it should seek the satisfaction of all the relevant stakeholders involved (Johnson and Scholes 1993). This is a challenge hard to manage. Placing the customer as king is a serious distortion of business reality and a potentially destructive force which can lead to high levels of organisational conflict. As Stuart MacDonald (1995) points out, 'getting close to the customer' is seen as an apparently simple solution to what is, in fact a very complex problem which has significant strategic implications. The way some organisations seek to alleviate some of the inevitable ensuing internal conflict is to convince and even coerce (with varying degrees of success) all departments of the *supremacy* of the customer. This does not always sit well with functional managers and other employees who have to relate to other stakeholders all with a claim to equal importance. Nor should it sit well. The apparent ease with which prosperity is promised through 'satisfying customers' lulls managers into thinking that this is the universal panacea.

To complicate the issue still further, marketing recognises the distinction between customer and consumer - the buyer and the user respectively. Marketing activity seeks to satisfy both parties. Sometimes the buyer and the user are one and the same person but this need not be the case and frequently is not. There may even be irreconcilable differences between customer and consumer wishes. This is a particularly poignant issue with the increased power of middlemen (immediate customers for manufacturers) and the end users (consumers) for whom the manufacturer produces a product. For some organisations, too great a focus on the wants of immediate customers has caused those organisations to loose sight of the end user (Cranfield School of Management 1994). In many respects, these issues make something of a mockery of placing customer as king which is such an over-simplification of the process of marketing as to reduce it to its most naive and banal.

"THE 4Ps OF THE MARKETING MIX"

Cohorts of marketing students and managers worldwide have been instilled with the notion that marketing can be defined in terms of the 4Ps of the Marketing Mix - Product, Price, Promotion and Place. So successful is this notion that it has become ingrained into the very fabric of marketing lore. Having studied marketing, whatever else may be remembered about it, the 4Ps of the marketing mix top the list. The 4Ps have become confused with marketing itself (McDonald 1993). Kent (1986) has criticised the 4Ps as the key elements of the '*marketing faith*'. In a major study of Key British Enterprises undertaken on behalf of the CIM (Cranfield School of Management 1994), the researchers commented that,

> *"the companies we have spoken to argue strongly that the traditional '4Ps' marketing theory is applicable to them only in part."* (p66)

Paradoxically, the researchers later conclude that if companies wish to become more "market orientated" they should,

> *"Review marketing tactics, particularly the 'four Ps'.* (p113)

Such is the continued and perpetuated confusion about the myth of marketing activities being based around the 4Ps.

The term '*Marketing Mix*' was first developed by Neil Borden. It gained popularity after Borden's presidential address to the American Marketing Association in 1953 (Gould 1979) and was a term that was coined to refer to a range of 'ingredients' which, rather like a recipe, would create a product offering capable of satisfying customer and consumer requirements if mixed properly. And, rather like recipes, there could be many variations of ingredients and ways of mixing them together - some would work, some would not. Their success would not only be dependent upon the recipe itself but also on how well they were managed. In the hands of a good chef (or manager) the mix of ingredients can be transformed into a great dish (or product offering). In the hands of the less able, disastrous results may ensue.

Borden's original marketing mix list contained twelve elements (Product Planning, Pricing, Branding, Advertising, Promotions, Packaging, Display, Personal Selling, Channels of Distribution, Physical Handling, Servicing, and Fact Finding/Analysis) but there continues to be debate about such listings and what should be included. However, it was Jerome McCarthy (1960) who proposed the 4Ps as a simple (and many would argue an over-simple) means of remembering the marketing mix but who has never explained the rationale for distinguishing his four labels (van Waterschoot and van den Bulte 1992). The 4Ps have been used for so long that they are often called the traditional classification of the marketing mix (Brookes 1994) and they have become the standard in marketing texts and education. As a mnemonic they have served one purpose, to aid memory, but the 4Ps have cannibalised an appreciation of the true power and significance of the marketing mix. As such, their widespread (often unquestioned) adoption has done marketing a grave disservice. Van Waterschoot and van den Bulte (1992) criticise the 4Ps classification because of its lack of mutual exclusiveness and collective exhaustiveness. Yet, as if playing the same unfortunate game, more recent authors (Booms and Bitner 1981, Christopher et al 1991) have been wooed by the pervasive seductiveness of the 4Ps and, in attempts to make them more comprehensive, have proffered their own additions resulting in 5Ps, 6Ps, 7Ps or more.

The 4Ps classification has succeeded in undermining the value of the marketing mix as a powerful concept and has led to a significant amount of confusion about the application and management of marketing. The myth of the 4Ps, far from being a basis of marketing, has possibly been its single most limiting influence. The 4Ps is not so much a description of the marketing mix as a pernicious contributor to the marketing mix-up.

"BUSINESSES SHOULD BE CUSTOMER ORIENTATED"

The notion of customer orientation attempts to encapsulate one of the cornerstones of marketing, the *Marketing Concept*, which has been variously described as a business philosophy, an ideal or a policy statement (Houston 1986, Kohli and Jaworski 1990). Peter Drucker who inspired the idea of the concept in the early 1950s is regarded as its academic father (Webster 1994). Drucker (1956) determined that there is only one valid definition of business purpose: to create a customer.

The marketing concept has become synonymous with customer orientation and, like ‘Customer is King’, suggests that customer interests should be put ahead of all other stakeholders (Houston 1986, Webster 1994). Taken too literally, the myth of customer orientation can lead to corporate disaster.

A familiar case is where a business, small or large, relies on one or a small number of customers. Under such circumstances, management emphasises the need to keep existing customers satisfied for repeat business and the whole business seems to revolve around those few accounts. Yet such reliance is extremely dangerous for the continued survival of the business should those customers move on. More frighteningly they may actually stay and bring their buying power to bare on prices, delivery and so on to the detriment of the company. For example, this has been seen to be the case with some Japanese companies which, as the customer, have expected year on year price reductions from their suppliers. As a survival mechanism suppliers have sometimes felt it necessary to adopt 'ghost' accounting procedures to satisfy stifling demands from customers who have insisted on open book accounting.

It may be that the nature of a particular business requires management to accept the risks inherent in these sorts of situations. However, merely being customer orientated is not a total management solution. This is not to undermine the value of existing customers. There is much reported about the benefits of obtaining more business from existing customers compared to the costs of attracting new ones. But it is necessary to recognise that the same customers will not always be around. A business must look to market changes and consider the impact of these especially where they appear to be at odds with the current customer base. In many respects, this issue lay at the heart of a seminal marketing article which was published in the Harvard Business Review (Levitt 1960). The author warned of the dangers of business short-sightedness which he termed marketing myopia.

Arguably, it may even be necessary to turn away new or current customers (Foley et al 1996). Such a suggestion is not usually found in the marketing texts or the marketers' repertoire - a suggestion of this type would appear to be marketing heresy. However, accountants would be quick to point out how an apparently lucrative order could have financially catastrophic effects on the business's cash flow if the payment terms are not controlled. The customer may wish to pay some time after delivery, but the business may need some advance or staged payments before completion. Sometimes the numerous and varied customer requests just cannot be satisfied by a particular business. The nature of the demand may be what Kotler (1991) has called irregular or overfull which requires synchromarketing and demarketing activities respectively. In each case customer demand has to be managed and not just fulfilled.

If the solution does not lie in a customer orientated approach, then where? The solution lies in a similar concept and one which is often thought to be identical but is not. The terms are often used interchangeably by many because their significance is not understood and this is where much confusion arises. It is not 'Customer' Orientation which should be sought but 'Market' Orientation. The distinction is important. 'Market Orientation' looks at existing customers to the business as well as those in the rest of the market place. It is both an inward focused and an outward focused strategy. Market orientation emphasises customers AND other forces in the business environment. It recognises the need for long term planning as well as short term focus. It advocates long sightedness not short sightedness (Kohli and Jaworski 1990).

Having identified a number of misconceptions about basic marketing thinking and tenets, it is important now to consider aspects of marketing implementation and question whether marketing managers actually possess the ability to manage marketing. It is in this context that one can recognise the view expressed earlier that much of the criticism for ineffectual marketing has been a function of poor marketing implementation.

"MARKETING MANAGERS MANAGE MARKETING"

Studies on the development of marketing within organisations (Piercy and Morgan 1991) suggest that the marketing management function has been, or is being, subsumed into those of other professional groupings. The inescapable conclusion is that marketing managers do not manage marketing. It may be argued that they never did.

Marketing as a business philosophy requires an approach which has a widespread effect on the whole organisation. It is too diverse for any one manager to manage. Any pretence that this is not the case represents a gross misunderstanding of the nature of marketing. In a recently published CIM report (1994) the authors, Cranfield School of Management, Centre for Advanced Research in Marketing make their views clear.

> *"Marketing is too important to be left solely to the Marketing Department"* (p112).

Not only is marketing a business approach (the marketing concept and market orientation), it is a range of varied activities many of which are carried out by non-marketing personnel and others which are carried out by managers responsible for only part of the marketing function. PA Sales Selection (1984) identified 12 discrete marketing jobs and even these are not exhaustive (Pickton 1994). Piercy (1986) has concluded that Chief Marketing Officers function very differently in different types of organisation. Simply, there is no such thing as a single, definable role for a marketing manager, at best it is a job title which belies the tasks actually performed.

The CIM believes that companies still do not understand the extent of the activity implied by the term marketing (Cranfield School of Management 1994). Even in areas which could legitimately be considered the preserve of marketing, organisations have not given appropriate responsibility to marketing managers or have not elevated marketing to a high enough organisational level (despite the rhetoric which is often heard). Organisations frequently adopt the trappings without the substance of marketing with the result that those officers who are given the task of managing marketing cannot do so. Piercy's research (1986) has made it quite clear that many of the critically important marketing activities are controlled by departments other than marketing.

In attempting to identify exactly what marketing departments do do, it became clear to Coopers and Lybrand (1994) that there were significant differences between the blue chip companies they researched. The authors identified marketing as a unique function if only because of the lack of agreement about what it should be responsible for.

Even in areas where marketing managers have been given responsibility for marketing, their performance as managers has been criticised. Marketers themselves are not held in high esteem, not even by their peers (Taylor and Partners 1986). They simply have not lived up to the task of managing marketing well. Their education, training, experience and abilities are all suspect. Such are the findings of numerous studies (Taylor and Partners 1986, Constable and McCormack 1987, Handy 1987, Plymouth Business School 1987, Coopers and Lybrand 1994) which cast doubt over all these areas.

Having placed ‘marketing in the dock’ the verdict is not one of condemning marketing but rather to emphasise it more strongly, but with conditions. Too great a confusion surrounds marketing, its theory and its practice, with the result that marketing performance is less than adequate. Marketing is not living up to its potential to inform, direct and assist in organisational success.

By considering a number of myths about marketing it has been possible to illustrate the extent of confusion that arises when looking at even the most basic of marketing tenets. Denison and McDonald’s conclusion reported earlier that the main inhibitor of marketing effectiveness in UK businesses lay in poor implementation of marketing <u>rather than</u> in poor managerial acceptance of marketing was based on a review of many studies of marketing practice but this conclusion should be strenuously questioned. The ‘marketing offence’ is much more serious. The evidence strongly suggests that there is a great need to improve marketing practices but lack of performance is grounded in a gross confusion about marketing thinking itself. The condition for marketing’s reprieve is that a great deal more needs to be done in <u>clarifying</u> its basic theory and, importantly, in communicating this unambiguously to marketing and non-marketing managers alike.

There are tensions that arise in any attempt to integrate marketing throughout an organisation. Marketing is both an approach to business and a range of activities which requires all elements within an organisation to be involved in marketing from senior management to the most junior of employees and this gives rise to problems of responsibility, authority, planning, implementation and control. Currently, doubt has to be expressed as to the abilities of marketing professionals in meeting the challenges raised by these sort of issues. Yet it will only be in the facing of those challenges that businesses will prosper and grow.

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